

W-01303A-08-0227
SW-01303A-08-0227



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ORIGINAL

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 - 77656

Date: 3/19/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

First:

Last:

Complaint By:

Cliff

Cowles, President

Account Name:

N.W. Valley Taxpayers Assn., Inc.

Home: (000) 000-0000

Street:

[REDACTED]

Work:

City:

Sun City West

CBR: [REDACTED]

State:

AZ Zip: [REDACTED]

is: E-Mail

Utility Company: Arizona - American Water Company

Division:

Water

Contact Name:

[REDACTED]

Contact Phone:

[REDACTED]

Nature of Complaint:

REFERRED FROM CHAIRMAN MAYES OFFICE - OPINION OPPOSED (AAWC SCW WATER DISTRICT):

RE: Docket No. W-01303A-08-0227
SW-01303A-08-0227

Arizona Corporation Commission
DOCKETED

MAR 20 2009

-----Original Message-----

From:

[REDACTED]

Sent: Friday, March 13, 2009 11:22 AM

To: Utilities Div - Mailbox

Cc:

[REDACTED]

Subject: Docket # W-01303A-8-0227

DOCKETED BY [Signature]

3/12/09

To: Arizona Corporation Commission
1200 W. Washington St
Phoenix, AZ 85007
Attn: Mr. Ernest Johnson
Director, Utilities Division

From: Clifford Cowles, President
N.W. Valley Taxpayers Assn., Inc.
[REDACTED]
Sun City West, AZ 85375

Subject: Docket # W-01303A-08-0227
Arizona-American Water Co. Rate Increase Request

RECEIVED
2009 MAR 20 A 9:01
AZ CORP COMMISSION
DOCKET CONTROL

410

ARIZONA CORPORATION COMMISSION

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Gentlemen / Ladies :

We would like this testimony read and included in the formal minutes of the hearing on 3/17/09 concerning subject case.

My/our interest in this case is three-fold. I live in Sun City West. I am a customer of Arizona-American Water, I am President of the N.W. Valley Taxpayers Assn. encompassing the cities of Glendale, Peoria, Surprise and the 3 Sun Cities .

A rate increase is like a tax increase to families in Sun City West, most of whom are on fixed incomes. An enormous increase, such as is being requested by Az-Am, 79.53% , affects our families dramatically as well as being totally illogical . PORA and others, may address the issue from a numbers standpoint and other technical issues and, what we have found to be the "refund" issue.

We would like to take another approach which we think is just as valid and due your close attention.

Az-American is owned by American Water, is owned by RWE, a Germany based utility. RWE purchased Az-Amer. in 2003 and almost immediately discovered the mistake and began to divest itself soon thereafter. We believe the strategy to divest bears heavily on the strategy of this rate increase .

We believe that RWE is requiring American Water to produce higher profitability immediately in order to help their divesting process. American Water has 32 utility properties nationwide. Their emphasis, nationwide, has been to obtain high rate increases to make their bottom line more attractive. Nothing wrong with the business concept but a lot wrong from a residential water user basis, unfortunately at the mercy of a monopoly.

We asked Az-Amer to provide us with statistics on rate increases, either in process, or when last granted, from the 32 A-W units nationwide and, the size of those increases. They were able to provide some of the data. There is much more to be obtained if the Commission wishes to explore this hypothesis further, and we hope it will.

Kentucky A-W is requesting a 31.3% rate increase
New Mexico A-W is requesting a 23.8% increase
West Virginia A-W is requesting a 12.4% increase
Texas A-W is requesting a 33.9% increase
California A-W is requesting a 50.45 increase
In their Monterey District, a 101.7 % increase
In their Sacramento District a 41.9% increase

With just these few examples, we believe that A-W has been directed by RWE to maximize rate increases nationwide for immediate bottom line increases to make completion of their sale process possible. All well and good, you might say, but NOT at the expense of innocent rate payers who rely on RUCO and the ACC to defend them from such illogical increases.

Further, logic dictates that no company suddenly finds itself in need of increasing selling prices for its products by 75%. Usually consumer demand would dictate rate increase levels.

Sun City West demand has not changed significantly in many years. Nor are we been given the choice to change suppliers because of high, non competitive costs.

Federal cost of living guidelines may dictate otherwise.... sudden disasters may dictate otherwise, but increases for the sake of increases , to satisfy RWE bottom line results should not be factored into ACC deliberations or to attempt to substantiate size of increase.

There is a possibility that the utility is faced with a legitimate financial crisis and if that is determined, and if

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allowed under law, they should seriously be directed to a Chapter 11 solution by the ACC and rates made static and unchanged until exiting from Chapter II status.

We hereby request that the Arizona-American Water Co. rate increase being considered NOT be approved and that the ACC consider an increase below the 10% level, if substantiated by fact, not fiction or corporate uncaring bottom line greed.

Cordially,

Cliff Cowles
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Email to Customer:

March 19, 2009

Dear Clifford Cowles,

Your email in regard to the Arizona - American Water Company ("AAWC or Company") rate case sent to Chairman Mayes office has been received and assigned to me for further handling. An opinion has been placed on file with the Docket Control Center of the Arizona Corporation Commission ("Commission") on your behalf to be made part of the record.

The Commission will take your comments and concerns into consideration before a decision is rendered in the Company's application. The concerns raised from customers assist the Commission within the investigation and review of the rate application. The Commission's independent analysis of the utility and its rate request attempts to balance the interest of both; the utility and its customers. Commission Staff is very sensitive to the burden that high utility rates can place on the consumer, and though constitutionally required to allow a fair return to the utility, does everything within its authority to protect the consumer.

Commission staff appreciates the time you have taken to express your comments and concerns on the proposed rate increase. If you should have any questions relating to this issue, please call me toll free at (800) 222-7000 or directly at [REDACTED]

Thank you,

Guadalupe Ortiz
Public Utilities Consumer Analyst
Arizona Corporation Commission
Utilities Division
CLOSED
End of Comments

Date Completed: 3/19/2009

Opinion No. 2009 - 77656